LIBRARY
SUPREME COURT, U. S.

MAY 16 1969
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

October Term, [redacted] 1969

No. [redacted] 126

WATSCO, INC.,
Petitioner,

against

HENRY VALVE COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Attorney for Petitioner:

SAMUEL J. STOLL,
Empire State Building,
New York, N. Y. 10001.

Of Counsel:

ROBERT S. STOLL,
DORIS S. HOFFMAN,
STOLL AND STOLL,
Empire State Building,
New York, N. Y. 10001.

INDEX

	PAGE
I—Orders, Opinions and Judgments Below	1
II—Jurisdiction of This Court	2
III—Questions Presented for Review	3
IV—Constitutional Provisions, Statutes, Rules	4
V—Statement of the Case	6
VI—Reasons for Allowance of the Writ	8
QUESTION 1—Construction of Prior Art Notice Statute (35 U. S. C. 282) in Patent Infringement Litigation	8
QUESTION 2—Construction of "Clearly Erroneous" Rule (F. R. Civ. P. 52a)	10
QUESTION 3—Construction of Patentability Statute (35 U. S. C. 103)	13
Conclusion	15
APPENDIX I—Decision of District Court	1a
APPENDIX II—Decision of Court of Appeals	4a
APPENDIX III—Decision and Order of Court of Appeals Granting First Petition for Rehearing	11a
APPENDIX IV—Decision and Order of Court of Appeals Denying Second Petition for Rehearing	12a
APPENDIX V—Order of Clerk of Court of Appeals Denying Second Petition for Rehearing	13a

Table of Cases

PAGE

Anderson's Black Rock v. Pavement Salvage Co., No. 1014, October 1968 Term 14

C. I. R. v. Duberstein, 363 U. S. 278 (1960) 10

Colourpicture Publishers v. Mike Roberts Color Productions, 1st Cir. 1968, 394 F. 2d 431 14

Graham v. John Deere Co., 383 U. S. 1 (1966) 4, 11, 13

Graver Tank & Mfg. Co. v. Linde Air Products, 339 U. S. 605 (1950) 3, 10

Philadelphia & Trenton R. Co. v. Stimpson, 39 U. S. 448 (1840) 8

Thermo King Corp. v. White's Trucking Service, 5th Cir. 1961, 292 F. 2d 668 ..... 3, 8

United States v. Adams, 383 U. S. 39 (1966) 15

United States v. National Association of Real Estate Boards, 339 U. S. 485 (1950) 12

Statutes

28 U. S. C. 1254(1) 2

28 U. S. C. 1338 6

35 U. S. C. 103 .....4, 5, 11, 13, 14, 15

35 U. S. C. 282 .....3, 5, 8, 9, 13, 15

Rule

F. R. Civ. P. 52a 3, 10, 12, 15

IN THE

Supreme Court of the United States

OCTOBER TERM, 1968

No. .....

WATSCO, INC.,

Petitioner,

against

HENRY VALVE COMPANY,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioner Watsco, Inc., plaintiff below, respectfully petitions this Honorable Court for issuance of a writ of certiorari to the United States Court of Appeals for the Second Circuit to review the judgment and order of that Court dated and entered December 12, 1968, as amended by order and judgment on rehearing dated and entered January 16, 1969, and of the orders dated March 5, 1969 denying a second petition for rehearing.

I

Orders, Opinions and Judgments Below

District Court Opinion: December 14, 1967, Southern District of New York, 156 USPQ 628, not otherwise reported, reprinted as Appendix I hereto.

Court of Appeals Opinion: December 12, 1968, Second Circuit, 160 USPQ 161, reprinted (showing the modifications subsequently made on rehearing) as Appendix II hereto. The December 12, 1968 opinion, as amended by the Order of January 19, 1969, is published at 404 F. 2d 1104.

Court of Appeals Order Granting First Rehearing: January 16, 1969, not reported, reprinted as Appendix III hereto.

Court of Appeals Order Denying Second Petition for Rehearing: March 5, 1969, not reported, reprinted as Appendix IV hereto.

Order of Chief Judge of Second Circuit Court of Appeals Denying Application to File Second Petition for Rehearing: March 5, 1969, not reported, reprinted as Appendix V hereto.

II

Jurisdiction of This Court

Review is sought of the Second Circuit judgment and order, each dated and entered December 12, 1968, as amended by order dated and entered January 16, 1969. An order denying a second petition for rehearing was dated and entered March 5, 1969.

By order dated April 17, 1969 Mr. Justice Harlan extended the time within which to file this petition to and including May 16, 1969.

Jurisdiction to review the decisions below is believed conferred by 28 U. S. C. 1254(1).

III

Questions Presented for Review

Construction of Prior Art Notice Statute (35 U. S. C. 282) in Patent Infringement Litigation.

1. Is enforcement of the prior art notice provisions of 35 U. S. C. 282 mandatory on the Court in patent infringement litigation?

   a. This question has never been decided by the Supreme Court.

   b. The decision on appeal is in conflict with a decision of the Court of Appeals for the Fifth Circuit in *Thermo King Corp.* v. *White's Trucking Service,* 292 F. 2d 668 (1961).

Construction of "Clearly Erroneous" Rule (F. R. Civ. P. 52a).

2. Does the "clearly erroneous" rule (F. R. Civ. P. 52a) preclude reversal of a factual finding by the trial Court (in this case a finding that the patent in suit is not obvious in view of the prior art) unless there is an express finding and showing by the review Court that the finding is "clearly erroneous"?

   a. This question has never been decided by the Supreme Court.

   b. The decision on appeal is in conflict with applicable decisions of the Supreme Court (e.g., *Graver Tank & Mfg. Co.* v. *Linde Air Products,* 339 U. S. 605, 1950), to the extent that this Court has construed the rule.

Construction of Patentability Statute (35 U. S. C. 103)

3. Where the prior art admittedly cannot perform the functions of the patent in suit, is the Court precluded from finding the patent "obvious", and hence invalid, under 35 U. S. C. 103?

a. This question has never been decided by the Supreme Court.

b. The decision on appeal is in conflict with applicable decisions of the Supreme Court on closely related questions (e.g., *Graham* v. *John Deere Co.*, 383 U. S. 1, 1966).

IV

Constitutional Provisions, Statutes, Rules

Constitution, Article 1, Section 8: The Congress shall have power . . .

> To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

Patent Act of July 19, 1952; Public Law 593, 82d Cong., c. 950; 66 Stat. 792; Title 35, United States Code:

> Section 103. Conditions for patentability; non-obvious subject matter.
>
> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter

as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Section 282. Presumption of validity; defenses.

* * *

In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice of proof of the said matters may not be made at the trial except on such terms as the court requires.

Federal Rules of Civil Procedure, Rule 52. Findings by the Court.

(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclu-

sions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41 (b). (As amended Jan. 21, 1963).

• • •

V

Statement of the Case

Petitioner Watsco, Inc. commenced this patent infringement action against Respondent Henry Valve Company, Inc. under the Patent Laws of the United States, Title 35 of the United States Code with jurisdiction based on 28 U. S. C. 1338. In suit is Wagner Patent No. 2,827,913, which issued March 25, 1958 on an invention of a self-tapping valve for refrigeration and air conditioning systems.

In April, 1958, petitioner and respondent entered into an agreement under which respondent was granted the right to distribute the patented valve manufactured by petitioner. Respondent's distributorship was exclusive except that petitioner also distributed the patented valves. In 1962 the parties had a price disagreement and the distributorship

terminated. Thereafter respondent began to manufacture and distribute a valve of its own. The trial Court found (App. I) that:

> "The [respondent's] chief engineer, Jones, testified on his deposition that [respondent] instructed him to design a product like the [petitioner's] and that he did so, knowing that the [petitioner's] product was patented. Jones testified and we find that both valves are substantially the same, having the same design, the same function, served the same purpose and produced the same result. The assemblies of the two products were interchangeable, and we find that they were designed to be so."

The trial Court, in addition to its finding of clear infringement, found that "the numerous prior art references upon which [respondent] relies . . . constitute a skillful synthesized combination by hindsight" and that there was "no substance" for respondent's claim that the patent is invalid as being obvious in view of the prior art.

On December 12, 1968, the Court of Appeals reversed as to validity and held (App. II) "that the prior devices have so anticipated Wagner's patent that it is invalid for obviousness".

On rehearing and by order dated January 16, 1969, the Court of Appeals amended its opinion and withdraw a certain Wagner reference patent as prior art against the patent in suit and in all other respects reaffirmed its decision of December 12, 1968.

Neither in its original opinion of December 12, 1968 nor in its amended opinion of January 16, 1969, did the Court of Appeals find the District Court's findings of fact "clearly erroneous".

VI

Reasons for Allowance of the Writ

QUESTION 1

Construction of Prior Art Notice Statute (35 U. S. C. 282) in Patent Infringement Litigation

This is an important question of federal procedural law which has not been, but should be, settled by this Court.

The general rule is well known. With respect to a predecessor statute (Section 15 of the Patent Act of 1836), this Court held that:

> "The object of this most salutary provision is to prevent patentees being surprised at the trial of the cause by evidence of a nature which they could not be presumed to know, or be prepared to meet, and thereby to subject them either to most expensive delay, or to a loss of their cause * * *." *Philadelphia & Trenton R. Co.* v. *Stimpson,* 39 U. S. 448, 459 (1840).

Section 282 has uniformly been held to bind the parties themselves. The question which has not been resolved by this Court is whether Section 282 also binds the Court. It was held in *Thermo King Corp.* v. *White's Trucking Service,* 292 F. 2d 668, 675 (5 Cir. 1961) that it does.

In the present case, the Court of Appeals held the patent in suit obvious and hence invalid in view of certain prior art patents, e.g., British Dyer No. 505,046 and U. S. Hunter No. 2,660,192 (404 F. 2d 1104, at p. 1107).

No notice pursuant to 35 U. S. C. 282 was ever given by the defendant of its intention to rely on Dyer and Hunter in support of the defense of obviousness or skill

of the art. On the contrary, defendant's sole notice as to obviousness or skill of the art was given in its answer to the complaint as follows (P. App. 7b):

> "(c) Any differences between the subject matter of said patent in suit and the prior art are such that the subject matter as a whole would have been obvious at the time the alleged invention was made to a person having ordinary skill in the art to which said subject matter pertains."

At the trial there was no testimony of any kind on skill of the art in respect to any of the prior art patents. Indeed, defendant's sole witness was not even qualified as an expert and his sole function was to assist the Court in reading the patents (DA App. 71):

> The Court: All right. Let him tell me how this anticipates.
>
> Tell me how this anticipates plaintiff's invention.
>
> The Witness: Well, as I say, your Honor, I am not a patent expert. I understand—I think——
>
> The Court: What is he up here for?
>
> Mr. Dewey: Your Honor, the reason for this testimony is to eliminate the necessity of you having to go through these references and try to understand or pick out the numbers and figure out what the references show, your Honor.

As a specific illustration, Dyer was not even introduced into evidence as one of the "prior patents relied upon by the defendant to invalidate the Wagner patent" (DA App. 78). No testimony of any kind was introduced regarding Dyer. No reference was made to Dyer in argument either befor the trial Court or the Court of Appeals.

It is respectfully submitted that the Court of Appeals violated the provisions of 35 U. S. C. 282 when it re-

versed the trial court and held the patent in suit obvious and invalid in view of the cited prior art.

It is to correct this abuse of review power by the Court of Appeals, to prevent the future occurrence of similar abuses in other cases, and to resolve the conflict with the Fifth Circuit Court of Appeals (*Thermo King, supra*), that this Court is respectfully urged to answer Question 1 in the affirmative.

QUESTION 2

Construction of "Clearly Erroneous" Rule (F. R. Civ. P. 52a)

This is an important question of federal procedural law which has not been, but should be, settled by this Court.

The general rule is well know: "Where the trial has been by a judge without a jury, the judge's findings must stand unless 'clearly erroneous'." *C. I. R.* v. *Duberstein,* 363 U. S. 278, 291 (1960).

The application of the rule is well established: "It is not for this Court to even essay an independent evaluation of this evidence. This is the function of the trial court." *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.,* 339 U. S. 605, 611 (1950).

But what is not established is whether a review court may reverse the findings of a trial court without an express determination and showing that the findings are clearly erroneous.

That is the situation in the present case. Here the trial Court held that:

> "On the issue of validity, defendant asserts that the patent is invalid for lack of invention, in that any change over the prior art would have been

> obvious to any mechanic skilled in the art. We find no substance for this in any of the evidence. Rather we think that the numerous prior art references upon which defendant relies, which were offered in evidence, constitute a skillful synthesized combination by hindsight, and, as the Supreme Court pointed out in Graham v. John Deere Co., 383 U. S. 1, 1966, or one of its progeny, the Court must be careful not to substitute the wisdom of hindsight for the foresight of the inventor.
>
> "I find nothing in any of the prior art which would have made the plaintiff's invention obvious to one skilled in the art * * *."

The Court of Appeals reversed (404 F. 2d 1104, at p. 1105):

> "We reverse on the ground that the patent is invalid because 'the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.' 35 U. S. C. §103 (1964); see Graham v. John Deere Co., 383 U. S. 1, 86 S. Ct. 684, 15 L. Ed. 2d 545 (1966)."

Let it be assumed, *arguendo*, that there is ample support in the record for the above decision of the Court of Appeals. However, this does not exclude ample evidence supporting the decision of the trial Court. The two Courts, citing the same *Graham* rule as the test of patent validity under 35 U. S. C. 103, have made opposed factual findings and hence have reached opposite legal conclusions. This does not mean that the findings of the trial Court were "clearly erroneous", and it is settled law that it is

not enough that the reviewing Court "might give the facts another construction, resolve the ambiguities differently". *United States* v. *National Association of Real Estate Boards*, 339 U. S. 485, 495 (1950).

No findings or showing appears anywhere in the decision of the Court of Appeals in the present case that the trial Court's findings were "clearly erroneous". By reversing without such finding or showing, the Court of Appeals has proceeded in direct defiance of *Graver*.

The fact is that the findings of the trial Court herein are fully supported by the record, and that these findings were superseded, in violation of F. R. Civ. P. 52(a), by clearly erroneous findings of the Court of Appeals. The result is a gross miscarriage of justice.

For the purposes of this petition, and without going into the merits of the case, it suffices here to say that the findings of the trial Court had at least the following support in the record:

a. Defendant's admission that the patent in suit is not anticipated by the prior art (DA App. 102).

b. Defendant's admission that no single prior art patent rendered the patent in suit "obvious" (DA App. 103).

c. Defendant's inability to name the combination of prior art patents which rendered the patent in suit "obvious" (DA App. 103-104).

d. Defendant's admission that the prior art patents are unable to perform the functions of the patent in suit (DA App. 79).

On the other hand, the findings of the Court of Appeals are clearly erroneous because (among other reasons) they are based on:

a. Reliance upon a prior art patent (Wagner No. 2,923,312) which the Court of Appeals has withdrawn on rehearing (App. III).

b. Reliance upon a prior art patent (British Dyer No. 505,046) which was not even included in the record among "the prior patents relied upon by the defendant to invalidate the Wagner patent" in suit.

c. Reliance upon a prior art patent (Hunter No. 2,660,192) for a showing which not even defendant claimed, said patent in fact teaching the direct opposite of that for which it was cited by the Court of Appeals.

d. Reliance upon prior art patents (e.g., Dyer and Hunter) for which no notice was given pursuant to 35 U. S. C. 282 for the purposes for which they were cited by the Court of Appeals.

It is to correct this abuse of review power by the Court of Appeals, and to prevent the future occurrence of similar abuses in countless other cases, that this Court is respectfully urged to answer Question 2 in the affirmative.

QUESTION 3

Construction of Patentability Statute (35 U. S. C. 103)

This is an important question of patent law which has not been, but should be, settled by this Court.

Citing *Graham* v. *John Deere Co.*, 383 U. S. 1 (1966), the trial Court held the patent in suit "unobvious" and valid. Citing the same *Graham* decision, the Court of Appeals reversed the trial Court and held the patent obvious and invalid.

In many other cases, and in the other Circuits, *Graham* has been cited in support of decisions both sustaining and

invalidating the very same patents which those cases involved, e.g., *Colourpicture Publishers* v. *Mike Roberts Color Productions*, 394 F. 2d 431 (1 Cir. 1968).

It strongly appears, therefore that the patentability tests laid down in *Graham* require clarification for the guidance of the several Circuits. This was recognized by this very Court when, on March 24, 1969, it granted the petition for certiorari in *Anderson's Black Rock* v. *Pavement Salvage Co.*, No. 1014, October Term 1968.

The issue of "obviousness" under 35 U. S. C. 103 was squarely presented to both the trial Court and the Court of Appeals in the present case in the following manner: Defendant's sole witness, its Chief Engineer for nineteen years, testified that the prior art patents could not perform the functions of the patent in suit. His testimony (DA App. 79) follows:

> "Q. (By Mr. Stoll) Mr. Jones, with respect to all of the patents to which you have just testified, which can be used to perform the function[s] of this valve in suit? A. I don't think any of them could perform all the functions—any one could perform all the functions.
>
> "Q. Which two? A. Well, I don't know.
>
> "Q. Which three? A. Well, as I say, I'm not—none of them could perform all of the functions of that valve in that manner."

On this testimony the trial Court held that the patent in suit was not "obvious" under the rule of *Graham;* on appeal, the Court of Appeals reached the opposite conclusion.

The question which these conflicting decisions raise is sharply focused as follows: Does *Graham* hold that a pat-

ent is not "obvious" when the prior art cannot perform its functions, or does *Graham* hold that a patent may be found "obvious" even though its functions cannot be performed by the prior art?

It is respectfully submitted that the only fair and reasonable inference that may be drawn from *Graham* (as well as from *United States* v. *Adams*, 383 U. S. 39, 1966) is that one of the strongest tests of "obviousness" is whether the prior art is capable of performing the functions of the suit patent. It is respectfully submitted that the only fair inference which may be drawn from *Graham* is that, where the prior art *can* perform the functions of the suit patent, the patent is *obvious;* and that the only fair inference which may be drawn from *Adams* is that, where the prior art cannot perform the functions of the suit patent, it is *not* "obvious".

To correct the error of the Court of Appeals in the present case and to provide urgently needed guidance for the benefit of the several Circuits, it is respectfully submitted that Question 3 should be answered in the affirmative.

CONCLUSION

All three Questions presented for review are substantial questions of Federal law and procedure which require consideration and determination by this Court. They are not "private" questions in which only the parties to this litigation are interested. They are crucial questions of great interest in all litigation involving construction of 35 U. S. C. 103 and 282 and Rule 52(a) of the Federal Rules of Civil Procedure.

It is respectfully urged that the petition be granted so that the three Questions presented for review may be adjudicated.

Respectfully submitted,

SAMUEL J. STOLL,
Attorney for Petitioner.

ROBERT S. STOLL,
DORIS S. HOFFMAN,
STOLL AND STOLL,
Of Counsel.

APPENDIX 1

Decision of District Court

(December 14, 1967)

MacMahon, District Judge (orally).

The Court has heard the witnesses and read the exhibits as they were offered in evidence, and while more time might improve the form of this memorandum, it would not change its substance.

The Court finds the following facts and makes the following conclusions of law:

William Wagner was granted a patent No. 2,827,913, for his invention of a self-tapping valve for tubes and pipes, on March 25, 1958. He assigned the patent to the plaintiff.

In April 1958, plaintiff and defendant entered into an agreement under which defendant was granted the right to distribute plaintiff's valve. Some time in 1962—I think it was August—the parties had a disagreement, and the distributorship was terminated. Thereafter, defendant began to manufacture and distribute a valve of its own. The defendant's chief engineer, Jones, testified on his deposition that defendant instructed him to design a product like the plaintiff's and that he did so, knowing that the plaintiff's product was patented. Jones testified and we find that both valves are substantially the same, having the same design, the same function, served the same purpose and produced the same result. The assemblies of the two products were interchangeable, and we find that they were designed to be so. The only difference between the two valves is that the plaintiff has a seal or gasket under the head of its valve needle, between the head and the shoulder of the valve assembly; the defendant's valve does not have such a seal or gasket in that location.

The plaintiff's first gasket (Exhibit 1, Fig. 3, No. 46) performs two functions: it limits the depth of penetration of the needle into the tube and acts as a seal between the valve needle and the valve housing. Plaintiff employs a second gasket (Exhibit 1, Fig. 3, No. 44) which acts as a seal between the tube and the valve housing.

Defendant simply eliminated the first gasket used by the plaintiff.

Defendant's gasket is in the same position as plaintiff's second gasket. Defendant's gasket acts as a seal between the tube and the valve housing and as a seal between the needle and the valve housing, and also, it limits the depth of penetration of the needle into the tube. The defendant simply eliminated one gasket without changing any of the functions of the other.

All other components are exactly the same. They were designed to be completely interchangeable.

We find, then, that the seal which the defendant uses is the equivalent of both seals used by the plaintiff, for it performs substantially the same way and produces the same result. See Graver Tank & Manufacturing Company v. Linde Air Products, 339 U. S. 605, at 608, 85 USPQ 328, 330, 1950.

On the issue of validity, defendant asserts that the patent is invalid for lack of invention, in that any change over the prior art would have been obvious to any mechanic skilled in the art. We find no substance for this in any of the evidence. Rather we think that the numerous prior art reference upon which defendant relies, which were offered in evidence, constitute a skillful synthesized combination by

hindsight, and, as the Supreme Court pointed out in Graham v. John Deere Co., 338 U. S. 1, 148 USPQ 459, 1966, or one of its progeny, the Court must be careful not to substitute the wisdom of hindsight for the foresight of the inventor.

I find nothing in any of the prior art which would have made the plaintiff's invention obvious to one skilled in the art, nor do I find that the plaintiff is in any way estopped by file wrapper estoppel. Again, defendant has failed to prove any of the elements going to make up file wrapper estoppel. Stiegele v. J. M. Moore Export-Import Co., 312 F. 2d 588, 136 USPQ 230.

Accordingly, the Court finds and concludes:

1. that the plaintiff's patent is valid;
2. that it is infringed by the defendant.

Submit a judgment on notice within ten days.

What about damages?

Mr. Stoll: I think there should be an accounting.

The Court: All right. The Court directs that an accounting be held to determine the damages. Submit a judgment, and I will grant an injunction against any further infringement or sales using this patented device.

APPENDIX II

Decision of Court of Appeals

(December 12, 1968)

HAYS, *Circuit Judge*:

Plaintiff brought this action in the United States District Court for the Southern District of New York, accusing defendant of infringing United States Patent No. 2,827,913, issued in 1958 to plaintiff's president, William Wagner. The district court found that the patent had been assigned by Wagner to plaintiff, and held that the patent was valid, and that it was infringed. We reverse on the ground that the patent is invalid because "the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U. S. C. §103 (1964); see *Graham* v. *John Deere Co.*, 383 U. S. 1 (1966).

The patent in controversy describes a device for the charging and discharging of a liquid or gas to or from "tubes, pipes, tanks, and other conduits and containers." The device consists basically of two separable units, a valve unit and tool for actuating it.

The valve unit comprises a small two-piece housing, externally screw-threaded at the top for attachment to the actuating tool or for sealing with a cap, and with two screws connecting its top and bottom portions for clamping around the line to be charged or discharged. A conical tapping needle with an annular shoulder near its pointed end and a slot in its flat end or head is screw-threaded into the housing. Two grooves running transverse to the internal screw-threads of the housing provide a channel, when not sealed for the flow of liquid gas from the con-

tainer being tapped. There is a washer surrounding the pointed end of the tapping needle that forms a seal between the needle and the line [1] and prevents the tapping needle from penetrating the line past the level at which the needle ceases to be conical.

The actuating tool consists of a housing internally screw-threaded at the bottom for connection to the valve unit and externally screw-threaded at the top for the connection of a cap. Through the center of the housing runs a spindle the upper end of which is a handle and the lower end of which is a bit that fits into the slot in the head of the needle in the valve unit. A washer inside the lower end of the actuating tool provides a tight seal with the valve unit when the two sections are screwed together, and a cylindrical washer around the spindle prevents the escape of any liquid or gas through the cap. An externally screw-threaded tubular side piece that serves as conduit to the container from which the liquid or gas to be added to the line is to come, or into which the liquid or gas from the line is to be fed, protrudes from the housing.

To charge or discharge a line the valve unit is first clamped around the line. The actuating tool is then screwed onto the valve unit, the bit of the spindle is fitted into the slot of the tapping needle, and the handle attached to the spindle is rotated until the needle pierces the line. The needle, because it is conical, seals the hole that it is piercing and prevents the leakage of any liquid or gas. When the needle is raised the two seals in the valve unit—from the needle and the washer—are broken and the liquid or

[1] The patent application, but not the actual device, includes a second washer, at the head of the tapping needle. Its function was to create a seal between the needle and the internal wall of the housing.

gas can run to or from the reservoir, through the actuating tool and the valve unit. When the operation is completed the needle is once again tightened and the seal are thereby restored. The actuating tool is then detached leaving only the small valve unit, which can be capped with a screw-on cap, on the line. The seals remain tight.

Devices for the tapping of lines are by no means a recent development. The references cited in the file of the Wagner patent include a patent from 1897. The binder of exhibits before this court includes a patent from 1874. But the earliest devices were large and cumbersome, and extended radially away from the line a considerable distance. The entire mechanism remained part of the line charged. Vibrations in the line tended to loosen the heavy, protruding valves, and thus created leaks.

Numerous devices for charging and discharging lines have been patented since 1874. While none of them did everything that the Wagner device does, each was an improvement over the then prior art.

We hold that the prior devices have so anticipated Wagner's patent that it is invalid for obviousness.

Plaintiff's patent makes two claims, set forth in the margin, both of which are based on the combination of elements of which the entire device is composed.[2] There

---

[2] I claim:

1. A valve organization consisting of a self-tapping and self-sealing valve mounted on a tubular line, comprising a valve housing, clamping means removably clamping said valve housing to said line, a screw-threaded opening formed in said valve housing, a screw-threaded valve needle engaged in said screw-threaded

(footnote continued on next page)

are, however, two aspects of the device on which the claim for invention appears ultimately to rest. The first is the separability of the actuating tool from the valve unit. The

---

(footnote continued from previous page)

opening, said valve needle having a conical point adapted to punch and pierce said line and thereby to form a conical hole therein, said conical point being adapted to seal said conical hole while forming it, a passage formed between said valve needle and the wall of said screw-threaded opening, a tool engaging head provided on said valve needle, a tool housing removably secured to the valve housing, a tool rotatably supported by said tool housing, the operative end of said tool being disposed within said tool housing and in engagement with the tool engaging head of the valve needle, the opposite end of said tool being disposed outside of said tool housing and being provided with a handle for operating said tool, and a passageway opening into said tool housing and communicating with the first mentioned passage, whereby the tool may be manually operated to turn the valve needle in one direction, to advance it in the direction of said line, to pierce and seal it, and to turn said valve needle in the opposite direction to open such pierced hole for communication with said passage and said passageway, said valve housing having an annular shoulder below the head of the valve needle and a sealing washer being provided between said shoulder and said head of such dimension as to provide a tight seal therebetween and also to limit the depth of penetration of the conical point into the line to the conical portion of the valve needle.

2. A valve organization consisting of a self-tapping and self-sealing valve mounted on a tubular line, comprising a valve housing, clamping means removably clamping said valve housing in said line, a screw-threaded opening formed in said valve housing, a screw-threaded valve needle engaged in said screw-threaded opening, said valve needle having a conical point adapted to punch and pierce said line and thereby to form a conical hole therein, said conical point being adapted to seal said conical hole while forming it, a passage formed between said valve needle and the wall of said screw-threaded opening, a tool engaging head provided on said valve needle, a tool housing removably secured to the valve housing, a tool rotatably supported by said tool housing, the operative end of said tool being disposed within

(footnote continued on next page)

second is the dual function of the washer at the pointed end of the tapping needle—forming a seal between the needle and the line while at the same time preventing the needle from piercing the line too deeply.

At least **[three]** * two prior patents anticipated the separability of the two parts of plaintiff's device. The Dyer patent, Brit. No. 505,046 (1939), described a valve mechanism for drawing off water from a closed system. While the patent does not specify whether the mechanism is to remain attached to the discharged circuit or is to be removed after the discharge, it does indicate that a handle of some sort must be added to the mechanism to make it operative. The Hunter patent, U. S. No. 2,660,192 (1953),

---

(footnote continued from previous page)

said tool housing and in engagement with the tool engaging head of the valve needle, the opposite end of said tool being disposed outside of said tool housing and being provided with a handle for operating said tool, and a passageway opening into said tool housing and communicating with the first mentioned passage, whereby the tool may be manually operated to turn the valve needle in one direction, to advance it in the direction of said line, to pierce and seal it, and to turn said valve needle in the opposite direction to open such pierced hole for communication with said passage and said passageway, a sealing washer being provided between the valve housing and the tool housing to provide a leak-proof seal between the two housings, a second sealing washer being provided between the valve housing and the head of the valve needle to provide a leak-proof seal between said valve housing and said needle head, and a third sealing washer being provided on the valve housing for engagement with said line and providing a leak-proof seal between said valve housing and said line, said second sealing washer between the valve needle head and the valve housing being of such dimension as to limit the depth of penetration of the valve needle into the line to the conical portion of said valve needle.

---

* Bracketed language in bold type was withdrawn by Court of Appeals on rehearing.

describes a valve for adding water to a line. It punctures a hole in the line and remains attached to the line after the water has been added. As with the Dyer patent, the handle that is used to turn the tapping needle is removable.

In both of the above instances the handle corresponds to the actuating tool of the plaintiff's patent. Obviously the plaintiff's actuating tool is a far more complex mechanism than is the mere handle of the Dyer or Hunter device. But once the idea of separating the two elements had been conceived it could be expected to develop as long as, because of the off-center weight of the device left on the line, vibrations in the line continued to break the seals needed to keep the gas in the line from escaping.

[Another patent issued to plaintiff's president, Wagner, U. S. No. 2,923,312 (1960), prior art to the patent at issue by virtue of its prior filing 1953,[3] also demonstrates a separable tool for charging closed lines. The basic difference between the patent in dispute and the second Wagner patent is that the latter, which is for an actuating tool alone and not for a valve unit as well, was designed for use solely with systems that had built-in or otherwise permanently installed fittings for recharging. The difference, however, does not negate the similarity; both patents demonstrate, explicitly or implicitly, separable units for charging a closed line.]

As regards separability, then, we conclude that prior patents anticipated plaintiff's change and that it would have been obvious to a person reasonably skilled in the art.

[[3] The patent that is the subject matter of this litigation was applied for in 1955 and issued in 1958. Wagner's "second" patent was applied for in 1953 although it was not issued until 1960.]

We think that adding a washer at the pointed end of the tapping needle, to create a seal between the needle and the line, would also have been obvious to a person reasonably skilled in the art. Anyone who has ever fixed a leaking faucet is aware that a washer can create a seal between two surfaces. Washers, sealing rings, or other types of packing have been used in almost all the valves brought to the attention of this court. Some of them were in locations quite similar to the location of the washer here. Even when they were in different locations, however, they were intended to achieve the same broad goal—to create an airtight system. Indeed, the patented device has sealing washers in several locations. We are not prepared to say that changing the location of or adding a sealing washer is a patentable invention or process.

Nor does the second purpose of the washer, limiting the penetration of the needle, demonstrate sufficient novelty to warrant the issuance of a patent. First, in the actual device penetration is limited not by contact between the annular shoulder near the base of the needle and the washer there, but rather by contact between the annular shoulder just below the head of the needle and the top of the screw threading within the housing in which the needle is fitted. Second, annular shoulders have limited the penetration of piercing needles in other patents. See, a.g., Kochner Spraying Device, U. S. No. 2,596,415 (1952) (contact with sealing gasket); Martin Spray Control Valve, U. S. No. 2,391,582 (1945) (contact with sealing ring); Hunter Saddle Valve, U. S. No. 2,660,192 (1953) (contact with line pierced). While limiting penetration was not essential in the cited patents to create a seal, application of the technique where a seal was necessary would have been obvious to one skilled in the art.

The judgment is reversed.

APPENDIX III

Decision and Order of Court of Appeals Granting First Petition for Rehearing

(January 16, 1969)

32160

UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

WATSCO, INC.,
Plaintiff-Appellee.

v.

HENRY VALVE COMPANY,
Defendant-Appellant.

A petition for a rehearing having been filed herein by counsel for the appellee,

Upon consideration thereof, it is

Ordered that said petition be and it hereby is granted.

The opinion of the court is modified as follows:

(1) Slip opinion, p. 604, first full paragraph, the first sentence shall read:

> "At least two prior patents anticipated the separability of the two parts of plaintiff's device."

(2) Slip opinion, pp. 604-605, the paragraph beginning at the bottom of p. 604 and running over to the top of p. 605, together with the accompanying footnote 3, is deleted.

The decision of the court is reaffirmed.

(signed) J. EDWARD LUMBARD
STERRY R. WATERMAN
PAUL R. HAYS
Circuit Judges

January 16, 1969

APPENDIX IV

Decision and Order of Court of Appeals Denying Second Petition for Rehearing

(March 5, 1969)

32160

UNITED STATES COURT OF APPEALS

SECOND CIRCUIT

WATSCO, INC.,

Plaintiff-Appellee,

v.

HENRY VALVE COMPANY, INCORPORATED,

Defendant-Appellant.

A petition for a rehearing containing a suggestion that the action be reheard in banc having been filed herein by counsel for the appellee and no active circuit judge having requested that a vote be taken on said suggestion,

Upon consideration thereof, it is

Ordered that said petition be and it hereby is denied.

J. EDWARD LUMBARD
Chief Judge

March 5, 1969

APPENDIX V

Order of Clerk of Court of Appeals Denying Second Petition for Rehearing

(March 5, 1969)

32160

UNITED STATES COURT OF APPEALS

SECOND CIRCUIT

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Court House, in the City of New York, on the fifth day of March, one thousand nine hundred and sixty-nine.

WATSCO, INC.,

Plaintiff-Appellee,

v.

HENRY VALVE COMPANY, INCORPORATED,

Defendant-Appellant.

It is hereby ordered that the motion made herein by counsel for the appellee for leave to file a second petition for rehearing in banc be and it hereby is denied.

A. DANIEL FUSARO
Clerk

BEFORE: HON. J. EDWARD LUMBARD,
Chief Judge.

HON. STERRY R. WATERMAN,
HON. PAUL R. HAYS,
Circuit Judges

LIBRARY
SUPREME COURT, U. S.

Office-Supreme Court,
FILED
JUN 14 1969
JOHN F. DAVIS, CLER

IN THE

Supreme Court of the United States

OCTOBER TERM, [redacted] 1969

No. [redacted] 126

WATSCO, INC.,
Petitioner,

vs.

HENRY VALVE COMPANY,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT.

JOHN D. DEWEY,
JOHN L. ALEX,
38 South Dearborn Street,
Chicago, Illinois 60603,
Attorneys for Respondent.

THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

INDEX.

	PAGE
Reasons for Denying the Writ	1
I—There Is No Conflict Between the Circuits, with Regard to the Construction of the Prior Art Notice Statute (35 U. S. C. 282) in Patent Infringement Litigation	1
II—Validity of a Patent Is a Question of Law and the "Clearly Erroneous" Rule Does Not Apply	5
III—A More Specific Construction of the Patentability Statute (35 U. S. C. 103) Would Not Be Helpful to the Courts	6
Conclusion	7

Table of Cases.

Edward Valves Inc. v. Cameron Iron Works, Inc., 286 F. 2d 933, 948, 949 (5 Cir. 1961), modified 289 F. 2d 355, cert. denied 368 U. S. 833 (1961)	2
Gary Pools, Inc. v. Associated Pools, Inc., 340 F. 2d 585, 587 (5 Cir. 1965)	2
Graham v. John Deere Co., 383 U. S. 1, 86 S. Ct. 684 (1966)	7
Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U. S. 147, 71 S. Ct. 127 (1950)	5
Orvis v. Higgins, 180 F. 2d 537 (1950), cert. denied 340 U. S. 810	5
Rota-Carb Corp. v. Frye Mfg. Co., 197 F. Supp. 54, 60 (D. C. S. D. Iowa, 1961), aff'd 313 F. 2d 443 (8 Cir. 1963)	3

Stiffel Co. v. Sears, Roebuck and Co., 313 F. 2d 115, 116, 117 (7 Cir. 1963), rev'd on other grounds 376 U. S. 225 (1964) 2

Thermo King Corporation v. White's Trucking Service, Inc., 292 F. 2d 668 (5 Cir. 1961) 3

United States v. United States Gypsum Co., 333 U. S. 364, 68 S. Ct. 525 (1948) 6

Statutes.

35 U. S. C. 103 6

35 U. S. C. 282 ..... 1, 2, 3, 4

Rules.

F. R. Civ. P. 16 3

F. R. Civ. P. 52a 5

IN THE

Supreme Court of the United States

OCTOBER TERM, 1968.

No. 1405.

WATSCO, INC.,

Petitioner,

vs.

HENRY VALVE COMPANY,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT.

Respondent submits that a writ of certiorari should not be issued for the purpose of reviewing the judgment of the United States Court of Appeals for the Second Circuit in its case No. 32160.

REASONS FOR DENYING THE WRIT.

I. There Is No Conflict Between The Circuits With Regard To The Construction Of The Prior Art Notice Statute (35 U. S. C. 282) In Patent Infringement Litigation.

There are numerous decisions by district courts and courts of appeal concerning the construction and application of the prior art notice statute, 35 U. S. C. 282, and its

predecessor. A complete study of these numerous decisions will establish the fact that, since the 1800's, the courts have never called upon a defendant to do more than serve notice in writing on the plaintiff, such notice specifically identifying each prior art patent and nothing more. In some decisions no notice concerning prior art patents of which the plaintiff was known to have previous knowledge was required. See *Edward Valves Inc.* v. *Cameron Iron Works, Inc.*, 286 F. 2d 933, 948, 949 (5 Cir. 1961), modified 289 F. 2d 355, cert. denied 368 U. S. 833 (1961). In still other decisions, no notice in writing for the purpose of identifying witnesses testifying to "show the state of the art" has been required. See *Gary Pools, Inc.* v. *Associated Pools, Inc.*, 340 F. 2d 585, 587 (5 Cir. 1965).

Petitioner now presumably attempts to impress upon this Court that, for the first time, this statutory provision should be more strictly construed and applied so as to not only require notice in writing in the form of identification alone of prior art patents, but also require a specific statement with regard to each prior art patent so identified of the specific defense, i.e., "anticipation" or "state of the art", which defendant considers such patent to support. The statutory provision in question does not state the requirement now urged by petitioner, nor has any court, to respondent's knowledge, placed such a construction on this provision. In other words, what petitioner now seeks is not a requirement expressly stated by Congress or urged by the courts.

It is clear that 35 U. S. C. 282 places substantial discretion with the court, and the primary question is what would be fair under the particular circumstances facing a court in a particular case. See *Stiffel Co.* v. *Sears, Roebuck and Co.*, 313 F. 2d 115, 116, 117 (7 Cir. 1963), rev'd on other grounds 376 U. S. 225 (1964). The facts in the instant case establish that, not only was petitioner sup-

plied with complete notice of the two patents complained of, but also petitioner did not object to the admission of such patents into evidence. Thus, both the trial court and the court of appeals did not at any time ever have an opportunity to "abuse" the broad discretionary powers expressly provided for by Congress in 35 U. S. C. 282.

The record of this case will show that prior to trial and in accordance with Rule 16 of the Federal Rules of Civil Procedure, as well as the local rules of the District Court for the Southern District of New York, respondent filed in the district court and served on petitioner its pre-trial memorandum which listed therein the U. S. Hunter patent No. 2,660,192 and the British Dyer patent No. 505,046. Still further, the district court entered a pre-trial order which also specifically listed the aforesaid patents under an appropriate heading stating that respondent would offer such patents as exhibits during the forthcoming trial. Additionally, the particular patents in question were file wrapper references during prosecution of the application maturing as the patent in suit, and the attorney handling such prosecution has continuously represented petitioner throughout the entire litigation in question.

It is inconceivable under the foregoing circumstances that any court would seriously consider petitioner's contention that it was not provided with proper notice of these patents under the provisions of 35 U. S. C. 282. Probably the most important purpose of Rule 16 of the Federal Rules of Civil Procedure is that of notice. It is well stated that the proper time to advise a plaintiff of prior art to be relied upon is at the time of the pre-trial conference. See *Rota-Carb Corp.* v. *Frye Mfg. Co.*, 197 F. Supp. 54, 60 (D. C. S. D. Iowa, 1961), aff'd 313 F. 2d 443 (8 Cir. 1963).

Petitioner contends that the decision on appeal is in conflict with *Thermo King Corporation* v. *White's Trucking*

Service, Inc., 292 F. 2d 668 (5 Cir. 1961). In the aforementioned decision, the prior art was not listed in the defendant's answer and no written notice of any kind was given at any time prior to trial. On the first day of the trial the prior art patents were then listed in a notice under 35 U. S. C. 282. The district court first refused to admit the patents but did subsequently admit the same during the trial. The court of appeals reversed the district court on the basis that the notice was insufficient, but for the purpose of fairness, and certainly within the broad discretionary power granted by 35 U. S. C. 282, ordered a new trial.

The foregoing *Thermo King* decision is not in any respect in conflict with the decision on appeal. As stated above, petitioner had full knowledge and notice of the particular patents in question at least as early as the pre-trial order which was entered by the district court on or about September 16, 1966, more than one year prior to the trial which occurred on December 14, 1967. Also as stated above, the patents questioned were admitted in evidence at the trial without objection (DA 78, 79). Obviously, even under the greatest stretch of imagination, there is no conflict between the decisions in question.

Petifioner also urges, presumably as a reason for granting of its petition, that the particular question which it raises "has never been decided by the Supreme Court". The fact that the provisions of 35 U. S. C. 282 and its predecessor enactment have been in existence for more than one-half of a century, have been followed and complied with in every patent case during this extensive period of time and have been repeatedly and extensively applied by numerous courts without the necessity of intercession by this court, clearly establishes that the statutory provisions have been uniformly construed and applied without unfairness or abuse. There is no compelling reason why this

Court should find it appropriate at this time to attempt to resolve an alleged issue which in fact does not exist. Obviously, this Court is concerned with an extraordinary number of real issues and cannot be expected to assume an additional burden of a non-existent controversy just because "this question has never been decided by the Supreme Court" as advanced by petitioner.

II. Validity Of A Patent Is A Question Of Law And The "Clearly Erroneous" Rule Does Not Apply.

Another question raised by petitioner is whether the "clearly erroneous" rule, as set forth in Rule 52a of the Federal Rules of Civil Procedure, applies in the subject case. It is so well established as to not require citation of authority that this rule does not apply to questions of law. This Court has also stated unequivocally in *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U. S. 147, 71 S. Ct. 127 (1950), that validity is a question of law. It is submitted that the foregoing decision of this Court is the controlling decision with regard to the specific question raised by petitioner.

In the subject case the district court presumably considered the prior art and then reached the conclusion that such prior art was insufficient to establish the alleged obviousness of the invention. The court of appeals studied the same prior art and reached a different conclusion. Accordingly, the court of appeals in reversing the district court concluded, as a matter of law, that the district court had not applied the proper standard of invention. Such an event is commonplace in patent litigation, and does no violence to any established legal concept. Such is in full accord with the leading case in the Second Circuit, *Orvis* v. *Higgins*, 180 F. 2d 537 (1950), cert. denied. 340 U. S. 810, which, in stating that where the crucial issue is based

on documents the reviewing court is as competent as the trial court to resolve the issue, bases its authority on the decision of this court in *United States* v. *United States Gypsum Co.*, 333 U. S. 364, 68 S. Ct. 525 (1948).

III. A More Specific Construction Of The Patentability Statute (35 U. S. C. 103) Would Not Be Helpful To The Courts.

Petitioner urges a more specific construction of the statutory provision covering the obviousness test, 35 U. S. C. 103, and in doing so suggests that this Court adopt a particular standard or test which petitioner considers especially favorable to its case. Before considering petitioner's specific suggestion, it must be emphasized that the definition of "patentabiliy" or "invention" as set out by Congress has always consisted solely of a number of negative tests or standards. In other words, if a particular discovery does not fall within one of the several categories precluding patentability or invention as set out by Congress, then it is possible that such discovery is entitled to patent protection.

Regardless of the number of standards or tests enacted by Congress, or found to be implicit by the courts in the current statutory provisions, there still remains, and there always will remain, infinite areas in which a court must reach its own unequivocal conclusion under its own powers of reasoning and at its own discretion. Such is unquestionably true of the new standard or test now advocated by petitioner.

In short, petitioner proposes that the prior art relied upon must be capable of performing the functions of the alleged invention. Petitioner does not suggest, nor even consider, whether this new standard or test should be flexible in any respect, i.e., whether the additional question should be raised concerning the prior art teaching "sub-

stantially" all of the "material" functions of the alleged invention, etc. Accordingly, petitioner's suggestion does not reduce the infinite areas in which a court finds it necessary to reach its own conclusion, but is merely at the most reshaping such infinite areas by bombarding the same with more meaningless verbiage.

The sub-tests set out by this Court in *Graham* v. *John Deere Co.*, 383 U. S. 1, 86 S. Ct. 684 (1966) were designated as mere guidelines that may or may not be helpful to a court in a given case. Petitioner now presumably proposes a further sub-test or guideline which only can be construed as being "tailor-made" for petitioner's position, particularly when it is apparent that petitioner makes no attempt to show that a general application of this sub-test or guideline would be consistent with Congressional intent, not inconsistent with the public interest and not unduly restrictive to the judicial and discretionary functions of the courts.

CONCLUSION.

Adjudication of the three questions presented by petitioner would serve no substantive purpose. The first question presented by petitioner is not based on any existing or real controversy but amounts to nothing more than an excursion into legal theory. The second question presented by petitioner is clearly not applicable to the present case. The third question presented by petitioner presents no solution of any value whatsoever. Therefore, it is respectfully urged that the petition be denied.

Respectfully submitted,

JOHN D. DEWEY,
JOHN L. ALEX,
38 South Dearborn Street,
Chicago, Illinois 60603,
Attorneys for Respondent.